



**DEFENSE ADVANCED RESEARCH PROJECTS AGENCY**  
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## **Other Transactions for Prototypes Fact Sheet**

The statutory authority to award Other Transactions (OTs) for Prototypes is found in 10 U.S.C. 4022

### **What is a Prototype OT?**

1. Are legally binding instruments other than a procurement contract, grant, or cooperative agreement used for prototype projects proposed to be acquired by the DoD
2. The result of the effort is a prototype
3. Can be awarded off the following solicitation types:
  - a. Broad Agency Announcements
  - b. Program Solicitation (DARPA-Specific)

### **What is the Definition of a Prototype Project?**

1. There is **no established definition** in the statute – a “prototype project” includes:
  - a. Proof of concept, model, or process, including a business process
  - b. Reverse engineering to address obsolescence
  - c. A pilot or novel application of commercial technologies for defense purposes
  - d. Agile development activity
  - e. Creation, design, development, or demonstration of technical or operational utility
  - f. Combinations of the above

### **What laws and regulations do and do not apply to Prototype OTs?**

1. The following DO apply to Prototype OTs:
  - a. All laws that would apply to anyone doing business in the U.S. (e.g. Generally Accepted Accounting Principles (GAAP), environmental laws, import/export control, etc.)
2. The following do NOT apply to Prototype OTs:
  - a. Cost Accounting Standards (CAS)
  - b. Federal Acquisition Regulation (FAR)/Defense Federal Acquisition Regulation Supplement (DFARS)/Agency specific acquisition regulations

## **When and Why does DARPA use Prototype OTs?**

1. When the R&D Program being solicited for is expected to be exceptionally dynamic
  - a. OTs are exceptionally flexible in their performance and may be negotiated to be suitable for the party absorbing most of the risk.
  - b. Milestones may be structured to uniquely account for both expected and unexpected requirements
  - c. Teaming within a program may be fluid, allowing contractors under the program to work more collaboratively than allowed under a FAR-Type contract.
  - d. The value of commercial best practices outweighs best practices under FAR restrictions
2. To attract companies that would normally avoid doing business with the DoD & DARPA
  - a. OTs leverage commercial best practices and do not encumber businesses with burdensome FAR restrictions such as:
    - i. CAS Compliance
    - ii. Other mandatory regulatory flow-down clauses to subcontractors
  - b. OTs allow for creative data rights to protect companies' Intellectual Property (IP) rights
    - i. Trade Secrets are acceptable
    - ii. May include commercial licensing terms
    - iii. May include delayed government rights to allow for industry to achieve return on investment
    - iv. May use standard rights within the industry of companies being contracted with
    - v. The goal is to allow OT performers a commercial payoff!

*Note: 1) Data Rights only provide DARPA the right to use the data, NOT ownership of the data; 2) SBIR Data Rights are still recognized and implemented under Prototype OTs.*

OTs foster trust and a spirit of cooperation with industry and deviate from typical Government-Contractor relationships. Both parties must act more as a team and in good faith to achieve programmatic success.

## **Helpful Links to Learn More about Prototype OTs:**

1. Learn more about DARPA's OTs – [DARPA's Acquisition Innovation Website](#)
2. See Sample DARPA OTs – [DARPA's Acquisition Innovation Samples](#)
3. DoD OT Guide, July 2023, [TAB A1 - DoD OT Guide JUL 2023\\_final.pdf](#)
4. Doing business with DARPA & Virtual OT Courses and Recordings: [DARPAConnect](#)